

Cablefax Daily™

Thursday — November 29, 2018

What the Industry Reads First

Volume 29 / No. 228

Tis the Season: Comcast Warns of Fuse Drop, AT&T Bidding Pac-12 Goodbye

It seems like the end of the year always sees an uptick in carriage negotiations, and 2018 looks like it will be no different. With **Comcast's** contract with **Fuse** expiring on Dec 31, the MSO has started telling customers that the channel will no longer be available come Jan 1. That's still a month away though, and there's always the possibility of a deal before then. **FCC** regulations require MVPDs to give notice of potential programming changes, so it's hard to know for sure if a channel will be dropped until it actually is. A **Fuse Media** spokesperson said the company is actively engaged in renewal discussions with Comcast, stating "we expect such discussions to result in a mutually satisfactory outcome for both parties." Fuse has a complicated history, originally launching as MuchMusic USA in 1994 as a jv between **Cablevision** and Canada's **CHUM Limited**, with Cablevision relaunching it as Fuse in 2003. It was later spun off under the **Madison Square Garden Company** and then acquired for \$226mln in 2014 by **SiTV**, the parent of Latino-oriented **NuvoTV**. SiTV and Nuvo rebranded as Fuse Media, with NuvoTV eventually phased out and blended into Fuse. Fuse didn't abandon Nuvo's Latin roots, billing itself as a brand for multicultural youth. This year, it became the exclusive home of the ALMA Awards (American Latino Media Arts) under a partnership with **UnidosUS**, the nation's largest Latino civil rights and advocacy organization, to revive the awards. Earlier this year, Fuse scored its first ever Peabody Award for dreamers documentary "Indivisible," created in partnership with UnidosUS. While the jury is still out on Fuse-Comcast, it's looking like there's finally a verdict on whether AT&T will continue to carry Pac-12 Networks. The programmer and operator have alerted viewers that U-Verse will drop the channel as of Sunday. Carriage has been in a nebulous state since this summer when their contract expired. An extension that lasted for the football season allows subs to see Saturday's final Pac-12 football game of the year, Cal-Stanford, which was postponed due to the CA wildfires. "We respect each of the Pac-12 institutions, their student athletes, and share a passion for excellence with their most loyal alumni and fans. **DirectTV**, **DirectTV NOW** and U-verse will continue to provide all of the Pac-12's postseason bowl games and top basketball action this season on **ABC**, **ESPN**, **ESPN2**, **ESPNU**, **FOX**, **FS1**, **CBS** and their related streaming services," AT&T said. Pac-12 expressed its disappointment, saying it offered to continue its partnership with AT&T at no change in cost or terms. "Fans who are impacted by AT&T's decision can visit GetPac12Networks.com to

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find a list of the multiple providers who do carry Pac-12 Networks in their area,” a statement said. Meanwhile, **DISH** continues on without **HBO/Cinemax** and **Univision** channels, including **Univision Deportes Network**, which began coverage of Liguilla quarterfinals Wednesday.

Comcast Launching i24: Altice USA-owned **i24NEWS** has scored a big carriage win with **Comcast** to launch the international news network to X1 customers footprint wide, according to multiple sources. That’s a hefty sub boost for the channel given that Comcast said during its most recent earnings call that X1 is deployed to nearly 65% of its residential video customers. Comcast will start rolling out i24NEWS next month. The channel, which launched in January 2017, has carriage deals in place with **Optimum**, **Suddenlink**, **Mediacom** and **Charter**, which agreed last November to launch it nationwide. With major studio hubs in the US, Israel and Europe, i24NEWS offers live news reports daily to American viewers in English. The i24 deal isn’t the only news launch for Comcast, which agreed in September to launch **Newsmax**.

Charter & NY PSC: Remember how last month’s **NY PSC** extension for **Charter’s** plan to exit the state sounded like it may be the last such delay? The MSO has snagged some more time. Dept of Public Service staff and Charter said in a Nov 21 letter that they haven’t reached a fully executed settlement agreement, but they have established a framework for how it might be structured. On Friday, the Commission granted their request for an 18-day extension, which means Charter has until Dec 14 to appeal the PSC’s decision to kick it out of the state and until Jan 11 to file its exit plan. Charter initially had a deadline of Sept 25 to file an exit plan. According to the joint letter, such a settlement agreement would address the inclusion of certain categories of addresses and whether they are valid “passings” under the Charter-**Time Warner Cable** merger approval order, as well as penalty actions and the amounts. The two have been in a dispute over whether Charter has met buildout requirements that were conditions of the Time Warner Cable acquisition.

Coming to Sling: Sling TV added nine **Discovery** networks to its base and Extra offerings Wednesday. Sling Orange customers will receive **ID** and **MotorTrend** while Sling Blue customers will have access to **Discovery Channel**, **TLC** and **ID**. Heartland Extra subscribers gain **American Heroes Channel** and **Destination America** while News Extras subs will get the **Science Channel**. Those subscribing to the Best of Spanish TV service will see **Discovery en Español** and **Discovery Familia** added to their packages. This is the latest of Discovery’s recent distribution deals to take effect. It has also signed a deal to bring five of its networks to **Hulu** and launched four shows on **Pluto TV** earlier this month. In addition to the Discovery content, Sling added **beIN Sports Connect** channels to

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its Best of Spanish TV service. The prices of all packages and add-on services are remaining the same.

Football Falls: NFL ad revenue is down 19% in September and October, even though the national advertising marketplace grew 7% in October YOY, according to **Standard Media Index**. Across platforms, digital was the strongest performer this month, with an increase of 17%. Primetime original broadcast dramas brought in 7% more revenue than they did in Oct last year, and average revenue per World Series game is up 27% YOY. Cable nets increased revenue by 5% YOY, and cable news remained the fastest-growing vertical this month. In addition, the average 30-second spot on a broadcast season premiere cost 158% more than during a regular season ep for primetime original entertainment shows.

Time to Go: After nearly four decades at **AMC Networks**, **IFC Films'** co-president *Jonathan Sehring* is stepping down. "I've been contemplating this move for several years and on the 20th anniversary of our launching IFC Films, it just felt like the right time," Sehring said. Under Sehring, IFC Films has been behind independent successes such as *Richard Linklater's* "Boyhood." He also oversaw the design and construction of the IFC Center, an arthouse theater, in Greenwich Village in 2005 and worked with the IFC Films management team to introduce the day-and-date-release model in 2006. When Sehring steps down at the end of the year, IFC Films will be led by co-president *Lisa Schwartz*, evp of acquisitions and productions *Arianna Bocco* and svp/gm of the IFC Center *John Vanco*. Before leading IFC Films, Sehring spent 20 years on AMC Networks' TV portfolio, overseeing programming and production activities for **Bravo**, IFC and was a critical member of the team that launched **AMC** in 1984.

One Step Closer: The combination of **Suddenlink** and **Optimum** under one credit silo has been completed, **Altice USA** announced Wednesday. It's another step forward in the integration of the two businesses and a move that simplifies Altice's structure and operations.

More Time: The **FCC** Media Bureau extended the comment and reply deadlines for its cable rate regulations notice given that the original dates would have fallen between two federal holidays. Commenters now have until Jan 10 to file comments and until Feb 11 to submit replies. The FCC is seeking input on whether to adopt changes to how reasonable basic rates are calculated in the small number of communities that face rate regulations.

CBRS Win: **Amazon Web Services**, **Athonet**, **Ruckus Wireless** and **Federated Wireless** have teamed up to launch a fully cloud-native private mobile network solution for developers, telecom operators and others for quick deployment of industrial IoT applications such as real-time surveillance, smart meters and worker safety monitoring. The solution allows businesses to quickly deploy their own private mobile networks via the cloud rather than building their own LTE networks.

Ratings: **Bounce's** first original movie "A Stone Cold Christmas" reached more than 1.4mln viewers when it premiered on Sunday. The 9pm showing raked in 468K total viewers and increases in household delivery (+60%), P18-49 (+92%) and P25-54 (+70%). An encore at 1am averaged 264K total viewers.

Programming: **Showtime** will premiere a week of music docs in December, profiling rock stars such as *Jeff Beck*, *Agnostic Front* and *Brian "Head" Welch*. Programming kicks off Dec 11 at 7:30pm with "Jeff Beck: Still on the Run" and ends with "Korn's Brian "Head" Welch: Loud Crazy Love on Dec 14 at 10pm. -- **PlayStation** announced it will once again be the title sponsor of the Fiesta Bowl in a multi-year agreement with **ESPN**. The annual College Football Playoff New Year's Six Bowl Game will air Jan 1 at 1pm. -- **EPIX** is taking viewers into the life of journalist *Elvis Mitchell* by greenlighting docuseries "Elvis Goes There." Premiering Feb 4 at 10pm, the four-episode series follows Mitchell as he travels with A-list filmmakers and actors to the locations that inspire them. -- **HGTV** is bringing Christmas to the most famous house in the US. "White House Christmas 2018," airing Dec 9 at 6pm, will see designer *Alison Victoria* decorate the White House in thousands of lights and the 18-foot-tall official Fraser Fir Christmas tree find a home in the nation's capital.

People: *Suma Nallapati* has been appointed svp/chief digital officer at **DISH**, leading the company's application development and digital strategy implementation. Nallapati currently serves on Colorado governor *John Hickenlooper's* cabinet as secretary of technology and State CIO. She will join DISH in mid-January when governor-elect *Jared Polis* assumes office. It's a return home for Nallapati, who started her IT career as a programmer with the company in 1997. -- **NBC Sports Regional Networks** named *Matt Murphy* svp/gm of **NBC Sports Bay Area & California**, beginning on Jan 2. Murphy is filling the spot left by *Tom Stathakes*, who stepped down from the role in June of this year. *Bill Bridgen*, current pres and group leader of the nets, served as interim svp/gm.



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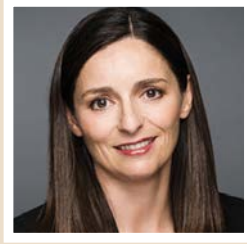
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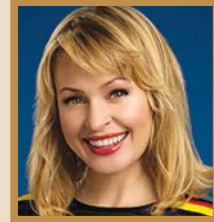


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Think about that for a minute...

Do The Math

Commentary by Steve Effros

No one has ever accused me of being a math whiz, but when I see some numbers and projections I just intuitively know there is something wrong. Well, there's just a lot wrong in my view these days. I'm going to go through a few of them very quickly with you this week, and I promise we will take a closer look in future columns because they definitely have significance for where we are going as an industry.



The first number that just sort of popped out at me recently is \$5.1 billion dollars. That's the amount Fox has reportedly agreed to pay for the rights to broadcast Major League Baseball for a seven-year stretch from 2022 to 2028. That means that the "New Fox," the consolidated broadcast, news and sports channels that survive the recent sale of all the rest of Fox's assets to Disney, has placed its bet on live sports and news and pretty much nothing else.

That's a heck of a bet. Fox currently has an eight-year deal with Major League Baseball that ends in 2021. It is reportedly paying on average about \$525 million per year for that deal. The new one—which includes exclusive television broadcast rights to the World Series, one League Championship Series, two Division Series and the All-Star Game, as well as many of the regularly scheduled games—comes at an average cost, if my math is right, of about \$728 million per year.

Now to quote my own column's title, think about that for a minute! Yes, Fox is apparently getting more digital and streaming rights. But it would appear that this is what I would call a last ditch effort to maintain the dominance of broadcast television networks by locking up admittedly very popular live sports for the

next nine years. Do we really know what the video landscape will look like in nine years? One thing is for sure; it's not going to look much like what we have today. I'm just not sure the math ads up. You can manipulate the numbers any way you want; one half of revenue from advertising, even though ad revenue is now shifting very rapidly to the internet, and one half from subscription. But the sub revenue, as we all know, is starting to go down. And with the advent of things like Amazon's FireTV/DVR package that allows for over-the-air television watching and recording without paying any retransmission consent fees (remember my "retranstenna" idea of many years ago? Well, it's here!), the numbers don't seem to hold up. Sure, you could add a pure OTT subscription revenue number to the mix, but it would have to be one heck of a number to make up what appears to be a significant shortfall! I could be wrong, but it seems to me the effort to "save" local broadcasting may just destroy it instead.

As noted above, another number to watch is the increasing monetary demands for retransmission consent. Technology and economics have now merged to deliver on my dream of a "retranstenna" to finally de-leverage the power of local broadcasters. If you are in a market with strong digital signals, why not design your system without broadcast signals and let them be picked up over-the-air, merged on your program guide and delivered to each viewer the way they want? Unlike the old Aereo approach, I think this one passes copyright muster.

That's certainly some math to watch!

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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